

Workforce Services Budget Brief

2007 GENERAL SESSION, DWS-01

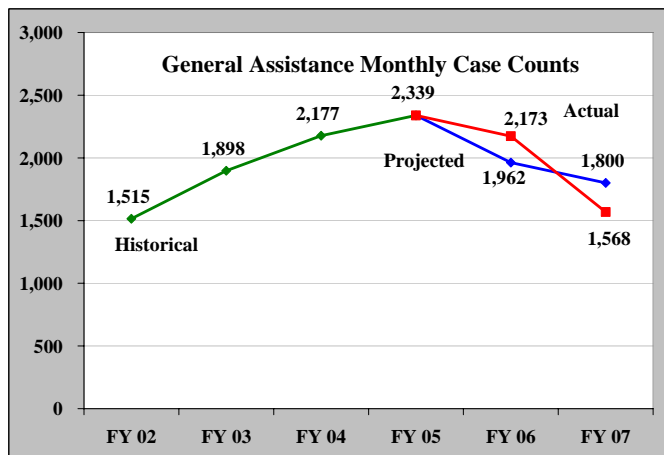
PURPOSE

The Department of Workforce Services integrates job placement, job training, welfare (TANF), child care, food stamps, unemployment insurance and labor market information.

ISSUES

eREP System Completion. eREP is the eligibility determination software being prepared to replace PACMIS which was developed in the 1980's. See issue brief DWS-04.

General Assistance provides financial assistance to people with no children that are unable to earn more than \$500 a month due to physical or mental disability. The original request from the agency for General Assistance was \$7,000,000 in ongoing support and \$1,000,000 as a supplemental appropriation. Last year they faced a budget shortfall and addressed the problem with a concentrated effort to clear cases that no longer qualify for assistance. Those efforts reduced last year's counts along with a bullish Utah economy and its 2.6% unemployment rate. The original projections for FY 07 were 1,800 Average Monthly Case Counts but actual counts for the first 6 months are at 1,568.



The Governor is now requesting \$5,000,000 in ongoing support and a \$1,000,000 supplemental. The Analyst recommends supporting both requests.

The Legislature must approve the expenditure of \$201,660,844 in **federal funds** requiring a state match of \$47,139,064. See issue brief DWS-02.

BUDGET AT A GLANCE

Figure 1: Workforce Services - Budget History

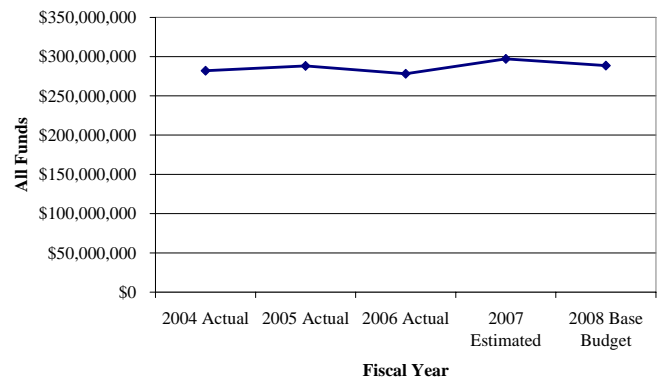


Figure 2: Workforce Services - FTE History

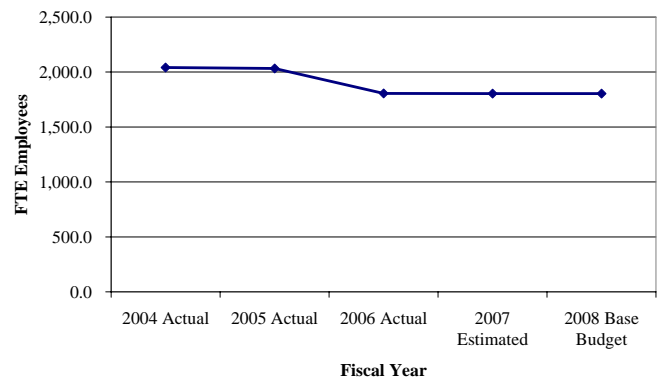
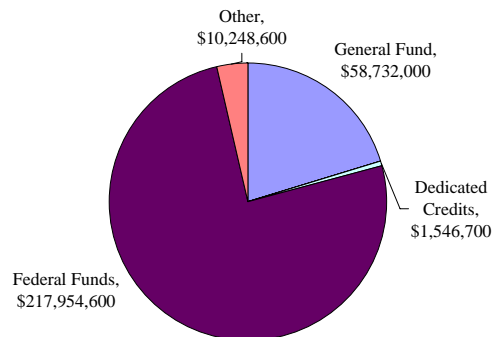


Figure 3: Workforce Services - FY 2008 Funding Mix



The Analyst recommends consolidating the **Medicaid Eligibility** function found in Health and Workforce Services under Workforce Services management. See issue brief DWS-03.

TANF Reauthorization affects DWS. The federal government has reauthorized the Temporary Assistance to Needy Families (TANF) program. This is the primary welfare program administered by DWS. When welfare reform was first passed, states reduced caseloads by more than 50%. They got a caseload reduction credit that applied against the requirement that 50% of their clients be working (or participate in other acceptable activities). This is called the participation rate. If the agency met their participation rate they got a 5% break on the amount of Maintenance of Effort (MOE) they were required to pay. Utah's TANF MOE is in the \$25 million range. Part of the reauthorization included re-indexing caseload reductions against a new year so that states lose their caseload reduction credit. The Congressional Budget Office estimates that these new requirements will cost the states more than \$8 billion over the next five years. Failure to meet the newly indexed participation rate subjects the state to a loss of 5% of the federal TANF block grant and required spending ranging from 13% to 27%.

DWS wants to replace \$2.7 million in one-time **Child Care** with ongoing funding plus an increase of about \$1.1 million for a total increase of **\$3,833,900** in ongoing General Fund so that Utah can draw down all remaining federal funds (an additional \$9,508,100 in Federal Funds). Many of the TANF recipients are single mothers that must now find their way into the workforce. To do so they need affordable child care. DWS expects that the new TANF requirement will increase case loads. The Analyst recommends the additional \$3,833,900 in ongoing General Fund

DWS is also asking for \$1,659,300 in ongoing General Fund and a one time supplemental of the same amount to pay for the additional 5% that will be required of the state for not meeting the new **TANF participation rate**. The Analyst recommends funding \$1,659,300 one-time in FY 08. The current federal rules require that the full amount be paid up front. If the state meets the required participation rate the funds can be rebated or applied against the next year's requirements. The Department brought its participation rate up to 52%.

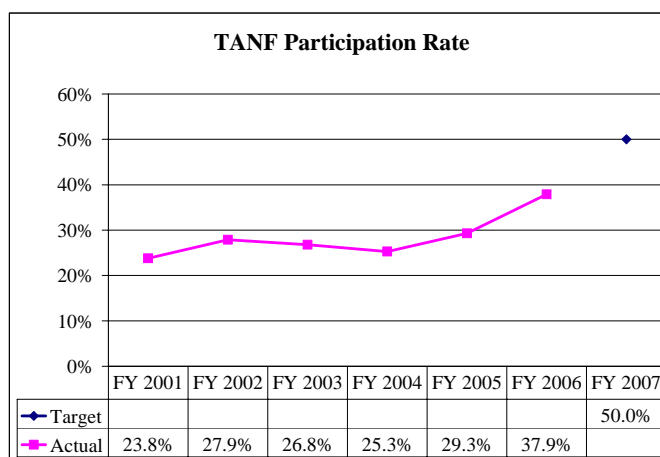
The Department doesn't yet know if this will be acceptable to our federal partners because the details of how the rules will be implemented are still being worked out. If DWS is in violation, it starts negotiations and appeals. This is a time consuming process that would allow the state time to fund any penalties in the future.

PERFORMANCE MEASURES

Agencies report to the people when they report to their elected representatives in the Legislature. This is done through the hearings but performance measures can be an important help.

TANF

The TANF Participation Rate shows the number of clients working or participating in other qualifying activities. 50% participation is the federal goal and is enforced with financial penalties.



Measure: TANF – Participation Rate

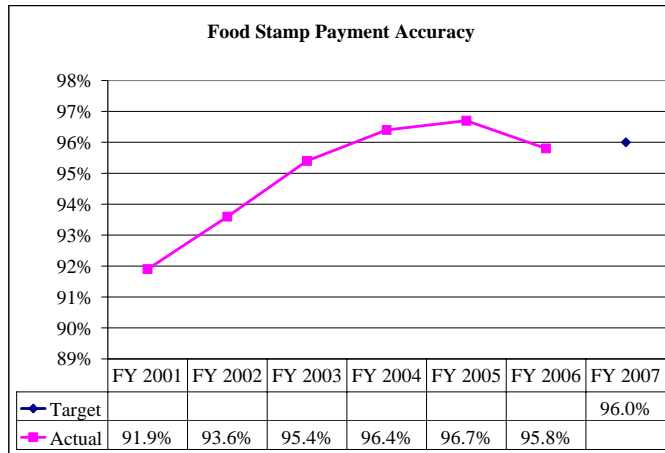
Goal: Comply with federal guidelines and qualify for bonus money.

Methodology: Percent of participants meeting federal guidelines. The federal goal is 50% participation and includes federal credits (based on caseload reductions) towards compliance.

Measure Type: Output.

Food Stamps

Food Stamp Payment Accuracy is a critical measure imposed by the federal government that is enforced with stiff penalties.



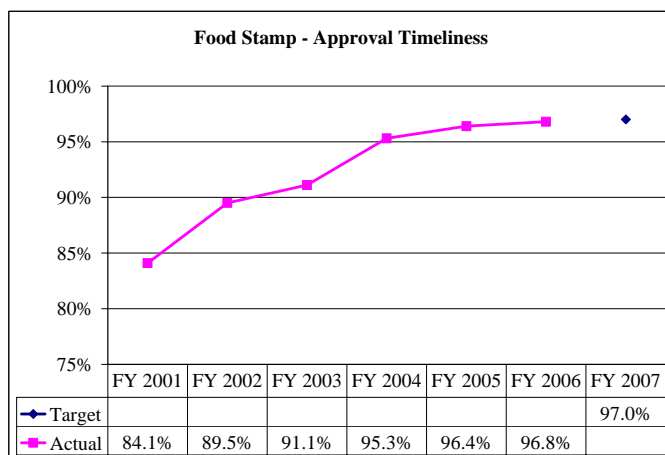
Measure: Food Stamp Payment Accuracy

Goal: Give out Food Stamp benefits accurately.

Methodology: Federal auditors pull a sample of cases to determine if food stamps were issued accurately. Accuracy is based on dollar amount, not case numbers.

Measure Type: Output.

This is another federal measure but this one is especially important to clients: How long until I get my check. (The program has special powers to issue food stamp benefits in emergency cases.)



Measure: Food Stamp Approval Timeliness

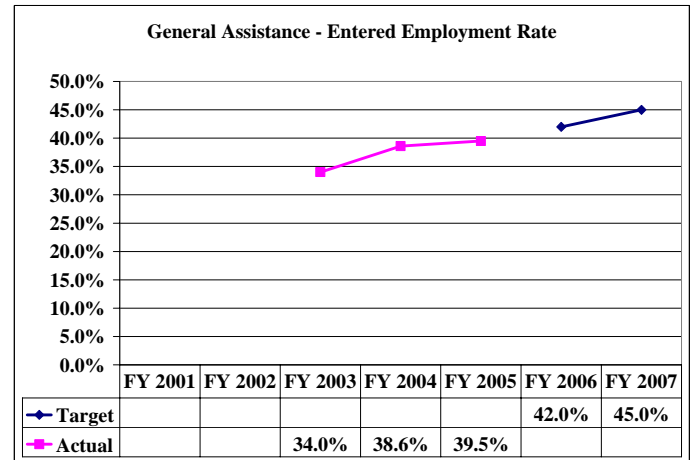
Goal: Give out Food Stamp benefits quickly.

Methodology: Counting the number of clients getting food stamps within 30 days divided by the number of clients qualified for benefits.

Measure Type: Output.

General Assistance

This shows the percentage of people on General Assistance getting a job.



Measure: General assistance entered employment rate

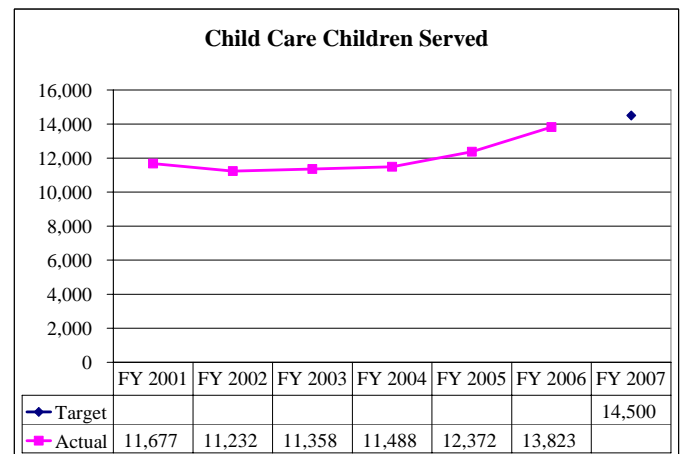
Goal: Help eligible clients to independence by helping them get a job.

Methodology: The number of former customers that have a job in the quarter following benefits.

Measure Type: Output.

Child Care

This shows Child Care case counts.



RECOMMENDED BASE BUDGET

The Analyst recommends the FY 2007 base budget shown below of \$288,481,900. Of that amount, \$58,732,000 is from the General Fund. The Department has implemented 6 different reorganizations, consolidations and efficiency measures that have all reduced the FTE count.

Workforce Services						
Sources of Finance	FY 2006 Actual	FY 2007 Appropriated	Changes	FY 2007 Revised	Changes	FY 2008* Base Budget
General Fund	55,400,000	58,732,000	0	58,732,000	0	58,732,000
General Fund, One-time	4,762,500	11,860,500	0	11,860,500	(11,860,500)	0
Federal Funds	206,014,300	229,622,800	(26,188,300)	203,434,500	14,520,100	217,954,600
Dedicated Credits Revenue	2,788,600	2,893,000	(1,348,600)	1,544,400	2,300	1,546,700
Trust and Agency Funds	2,514,600	0	7,506,200	7,506,200	(7,506,200)	0
Unemployment Compensation Trust	0	7,506,200	(7,506,200)	0	6,000	6,000
Transfers - Medicaid	0	164,400	(164,400)	0	7,300	7,300
Beginning Nonlapsing	3,914,000	934,700	2,031,100	2,965,800	(1,758,500)	1,207,300
Closing Nonlapsing	(2,965,800)	(1,900,000)	692,700	(1,207,300)	1,207,300	0
Total	\$278,079,900	\$326,781,700	(\$29,663,700)	\$297,118,000	(\$8,636,100)	\$288,481,900
Categories of Expenditure						
Personal Services	114,051,800	124,296,800	(17,368,100)	106,928,700	335,800	107,264,500
In-State Travel	415,000	694,900	(103,100)	591,800	(10,400)	581,400
Out of State Travel	201,300	335,400	11,200	346,600	(6,100)	340,500
Current Expense	38,028,600	60,939,900	(8,275,800)	52,664,100	(2,148,300)	50,515,800
DP Current Expense	17,225,500	19,336,800	1,350,200	20,687,000	(1,256,400)	19,430,600
DP Capital Outlay	466,800	2,160,000	244,000	2,404,000	0	2,404,000
Other Charges/Pass Thru	101,839,700	102,661,100	(757,400)	101,903,700	(200)	101,903,500
Total	\$278,079,900	\$326,781,700	(\$29,663,700)	\$297,118,000	(\$8,636,100)	\$288,481,900
Other Data						
Budgeted FTE	1,806.3	1,998.0	(193.0)	1,805.1	(0.1)	1,805.0
Vehicles	111	111	0	111	(111)	0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.